RONTEX

RONTEX INTERNATIONAL HOLDINGS LIMITED

朗迪國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1142)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the "Board") of Rontex International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007, together with the comparative figures for the year ended 31 March 2006, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

(Expressed in Hong Kong dollars)

	Note	**2007**	2006
		$'000	*$'000*
Turnover	*4*	**166,429**	194,281
Cost of sales		**(140,060)**	(164,221)
Gross profit		**26,369**	30,060
Other revenue and gains	*4*	**801**	654
Impairment loss on property, plant and equipment		**—**	(4,831)
Impairment loss on trade and other receivables		**(354)**	(858)
Selling and distribution costs		**(11,517)**	(11,108)
Administrative expenses		**(16,958)**	(24,301)
Operating loss		**(1,659)**	(10,384)
Finance costs	*5*	**(2,728)**	(3,651)
Tax penalties and surcharges		**(3,759)**	—
Impairment loss on available-for-sale investments		**—**	(23,657)
Impairment loss on goodwill		**(19,458)**	—
Share of results of associates		**(1,480)**	(915)
Share of results of a jointly-controlled entity		**(2,439)**	—
Loss before taxation	*6*	**(31,523)**	(38,607)
Income tax	*7*	**(7,831)**	—
Loss for the year		**(39,354)**	(38,607)

* *For identification purpose only*

Attributable to:			
Equity holders of the Company		**(38,684)**	(36,945)
Minority interest		**(670)**	(1,662)
		(39,354)	(38,607)
Dividends	*8*	**—**	—
Loss per share attributable to equity holders of the Company	*9*		
Basic (HK cents)		**2.353**	2.267
Diluted (HK cents)		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
At 31 March 2007
(Expressed in Hong Kong dollars)

	Note	2007 $'000	2006 $'000
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		**12,646**	12,444
Property, plant and equipment		**12,146**	29,109
Interests in associates		**15,110**	16,792
Interest in a jointly-controlled entity		**2,631**	—
Goodwill		**—**	19,458
Available-for-sale investments		**1,573**	688
		44,106	78,491
Current assets			
Inventories	*10*	**2,961**	5,365
Trade receivables	*11*	**14,401**	7,831
Other receivables, deposits and prepayments		**5,169**	4,580
Current tax recoverable		**—**	1,083
Amounts due from related parties		**2,490**	—
Cash and cash equivalents		**5,426**	4,716
		30,447	23,575
Current liabilities			
Interest-bearing bank borrowings, secured		**16,064**	10,806
Trade payables	*12*	**4,213**	14,624
Other payables, accrued expenses and trade deposits received		**7,657**	8,201
Current tax payable		**3,833**	—
Tax penalty and surcharge payables		**2,939**	—
Amounts due to related parties		**4,256**	5,387
		38,962	39,018
Net current liabilities		**(8,515)**	(15,443)
Net assets		**35,591**	63,048

EQUITY		
Share capital	**18,075**	16,295
Reserves	**15,028**	39,143
Equity attributable to equity holders of the Company	**33,103**	55,438
Minority interest	**2,488**	7,610
Total equity	**35,591**	63,048

Notes:
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis notwithstanding the fact that the group incurred consolidated loss before minority interest of approximately $39,354,000 during the year ended 31 March 2007 and, as of that date, the group reported consolidated net current liabilities of approximately $8,515,000.

The company raised working capital of approximately $6,126,000 in aggregate by way of issues of its new shares on exercise of certain warrants and share options of the company after the balance sheet date.

In April and May 2007, the group's available-for-sale investments with an aggregate carrying value of approximately $1,573,000 as at 31 March 2007 were disposed of to independent third parties at a cash consideration of approximately $2,220,000.

The substantial shareholders of the company have agreed to provide adequate funds to the group to meet its liabilities as they fall due.

The group's unutilised banking facilities as at 30 June 2007 amounted to approximately $3,500,000.

Based on the above, the directors of the company are satisfied that it is appropriate to prepare the group's consolidated financial statements on a going concern basis.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2006.

The adoption of the new and revised HKFRSs did not result in substantial changes to the accounting policies of the company and the group nor have affected the amounts reported for the current or prior years, except for HKAS 39 & HKFRS 4 (Amendments).

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue. During the current and prior years, the company provided a guarantee to a bank in connection with bank loans and other banking facilities granted to its subsidiaries. The adoption of this amendment has had no material impact on these financial statements.

At the date of this announcement, the following HKFRSs relevant to the group were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HK(IFRIC) — Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007

The group is in the process of making an assessment of what the impact of these new or revised HKFRSs is expected to be in the period of initial application.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The business segments of the group are businesses of woven wear, knitwear, sweaters and premium products.

In determining the group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the group's business segments for the years ended 31 March 2007 and 2006.

	For the year ended 31 March 2007				
	Woven wear	**Knitwear**	**Sweaters**	**Premium**	**Consolidated total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
SEGMENT REVENUE	71,333	52,949	35,283	6,864	166,429
SEGMENT RESULTS	(224)	(632)	(1,704)	901	(1,659)
Finance costs					(2,728)
Tax penalties and surcharges					(3,759)
Impairment loss on goodwill					(19,458)
Share of results of associates					(1,480)
Share of results of a jointly-controlled entity					(2,439)
Loss before taxation					(31,523)
Income tax					(7,831)
Loss for the year					(39,354)
Attributable to:					
Equity holders of the Company					(38,684)
Minority interest					(670)
					(39,354)

	Woven Wear	**Knitwear**	**Sweaters**	**Premium**	**Others**	**Consolidated total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Assets and liabilities:						
Segment assets	10,065	2,421	15,779	25	—	28,290
Unallocated assets	—	—	—	—	46,263	46,263
Total assets						74,553
Segment liabilities	2,787	1,578	10,592	13	—	14,970
Unallocated liabilities	—	—	—	—	23,992	23,992
Total liabilities						38,962
Other segment information:						
Deprecation	—	575	675	—	202	1,452
Amortisation	—	—	162	—	86	248
Impairment loss on inventories	—	—	464	—	—	464
Impairment loss on trade and other receivables	—	—	70	—	284	354
Impairment loss on goodwill	—	—	—	—	19,458	19,458
Capital expenditure	—	6,996	892	—	54	7,942
Loss on disposal of property, plant and equipment	—	—	127	—	—	127

	For the year ended 31 March 2006				
	Woven wear	Knitwear	Sweaters	Premium	Consolidated total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
SEGMENT REVENUE	73,264	100,526	12,431	8,060	194,281
SEGMENT RESULTS	(8,194)	(149)	(1,002)	(1,039)	(10,384)
Finance costs					(3,651)
Impairment loss on available-for-sale investments					(23,657)
Share of results of associates					(915)
Loss before taxation					(38,607)
Income tax					—
Loss for the year					(38,607)
Attributable to:					
Equity holders of the Company					(36,945)
Minority interest					(1,662)
					(38,607)

	Woven wear	Knitwear	Sweaters	Premium	Others	Consolidated total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Assets and liabilities						
Segment assets	3,744	30,054	11,788	462	—	46,048
Unallocated assets	—	—	—	—	56,018	56,018
Total assets						102,066
Segment liabilities	5,354	18,181	5,962	1,778	—	31,275
Uallocated liabilities	—	—	—	—	7,743	7,743
						39,018
Other segment information:						
Deprecation		679	675		491	1,845
Amortisation		35			86	121
Impairment loss on property, plant and equipment					4,831	4,831
Impairment loss on inventories		713				713
Impairment loss of trade and other receivables		858				858
Impairment loss on available-for-sale investments					23,657	23,657
Capital expenditure		4,309			276	4,585

(b) Geographical segments

	For the year ended 31 March 2007			
	Chile	**PRC**	**Others**	**Consolidated**
	$'000	*$'000*	*$'000*	*$'000*
Segment revenue	**93,322**	**24,492**	**48,615**	**166,429**
Segment results	**(1,034)**	**(1,789)**	**1,164**	**(1,659)**
Other segment information:				
Segment assets	**7,035**	**14,588**	**—**	**21,623**
Unallocated assets	**—**	**—**	**52,930**	**52,930**
Total assets				**74,553**
Capital expenditure	**—**	**7,888**	**54**	**7,942**

	For the year ended 31 March 2006			
	Chile	PRC	Others	Consolidated
	$'000	*$'000*	*$'000*	*$'000*
Segment revenue	93,396	19,387	81,498	194,281
Segment results	(5,058)	(1,586)	(3,740)	(10,384)
Other segment information:				
Segment assets	2,455	41,548	—	44,003
Unallocated assets	—	—	58,063	58,063
Total assets				102,066
Capital expenditure	—	4,309	276	4,585

4. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the group's turnover, other revenue and gains is as follows:

	2007	2006
	$'000	*$'000*
Turnover:		
Sale of goods	**166,429**	194,281
Other revenue and gains:		
Interest income	**44**	133
Sale of scrap inventories, net	**470**	145
Sundry Income	**269**	—
Net exchange gains	**18**	376
	801	654

5. FINANCE COSTS

	2007	2006
	$'000	*$'000*
Interest expense:		
Bank loans and overdrafts wholly repayable within five years	**654**	1,243
Import and export loans wholly repayable within five years	**551**	212
Amount due to a related party	**120**	40
	1,325	1,495
Bank charges	**1,403**	2,156
	2,728	3,651

6. LOSS BEFORE TAXATION

	2007	2006
	$'000	*$'000*
Loss before taxation is arrived at after charging:—		
Employees benefit expenses		
(excluding directors' remuneration):—		
Wages and salaries	**3,881**	5,476
Pension fund contributions	**158**	340
Share option expense	**281**	—
	4,320	5,816
Depreciation	**1,452**	1,845
Amortisation of leasehold land and land use rights	**248**	121
Auditor's remuneration	**680**	449
Rental payment in respect of premises under operating leases	**346**	582
Loss on disposal of property, plant and equipment	**127**	—
Impairment loss on inventories (included in cost of sales)	**464**	713

7. INCOME TAX

	2007	2006
	$'000	*$'000*
Current year provision for Hong Kong profits tax (note i)	**474**	—
Under provision in prior years (note ii)	**7,357**	—
	7,831	—

(i) Provision for Hong Kong profits tax is calculated at 17.5% on the estimated assessable profits for the year ended 31 March 2007. In prior year, no provision had been made for Hong Kong profits tax as the group companies sustained losses during the year ended 31 March 2006. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

(ii) Since December 2002, Rontex Holdings Limited ("RHL") and Ronco Trading Company Limited ("Ronco"), subsidiaries of the company, had been queried by the Inland Revenue Department of the Hong Kong Special Administrative Region Government (the "IRD") in respect of sales and marketing support service expenses claimed by RHL and Ronco as deductible expenses in their profits tax computations. As at 31 March 2006, the IRD raised queries to RHL and Ronco for the years of assessments 2000/2001, 2001/2002, 2002/2003, and 2003/2004.

During the year ended 31 March 2007, IRD disallowed certain deduction of sales and marketing support services expenses of RHL and Ronco in their profits tax computations for the aforementioned years of assessment and raised additional tax assessments of $6,903,000 and $454,000 respectively. Moreover, tax penalties and surcharges of $3,559,000 and $200,000 were imposed by IRD on RHL and Ronco respectively. The above amounts were agreed to be settled by instalments until fully settled in October 2007.

Pursuant to a deed of indemnity dated 25 October 2002 from Star Master International Limited, Cheung Keng Ching and Chou Mei, shareholders of the company (collectively referred as the "Indemnifiers"), who agreed to indemnify, on a joint and several basis, the group against all additional taxation liabilities, penalties, surcharges and other relevant costs falling on any members of the group in respect of any accounting period ended or before 31 March 2002, which amounted to $4,233,000. The indemnified amount of $4,233,000 from the Indemnifiers is accounted for as contributions from equity holders of the company, and credited to capital reserve of the group during the year.

During the year ended 31 March 2007, the Indemnifiers had settled $1,743,000. Accordingly, as at 31 March 2007, the Group's receivable from the Indemnifiers amounted to $2,490,000, which was unsecured, interest free and fully settled by 31 May 2007.

8. DIVIDENDS

The directors do not recommend the payment of a dividend (2006: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of $38,684,000 (2006: $36,945,000) and the weighted average number of ordinary shares in issue during the year of 1,644,208,433 shares (2006: 1,629,468,661 shares).

Diluted loss per share for the years ended 31 March 2006 and 2007 have not been disclosed, as the warrants and the share options outstanding during these years had an anti-dilutive effect on the basic loss per share for both years.

10. INVENTORIES

	The group	
	2007	2006
	$'000	*$'000*
Inventories comprise:—		
Raw materials	**1,552**	1,561
Work in progress	**1,065**	1,799
Finished goods	**344**	2,005
	2,961	5,365

11. TRADE RECEIVABLES

An aged analysis of trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	The group	
	2007	2006
	$'000	*$'000*
Within 30 days	**2,278**	7,049
31 to 60 days	**6,828**	41
61 to 90 days	**4,071**	103
Over 90 days	**1,578**	1,330
	14,755	8,523
Less: Impairment loss on trade receivables	**(354)**	(692)
	14,401	7,831

The directors consider that the carrying amount of the group's trade receivables approximates their fair value.

12. TRADE PAYABLES

An aged analysis of trade payables of the group at the balance sheet date, based on the invoice date, is as follows:

	The group	
	2007	2006
	$'000	*$'000*
Within 30 days	**1,161**	7,569
31 to 60 days	**1,358**	2,519
61 to 90 days	**427**	4,256
Over 90 days	**1,267**	280
	4,213	14,624

The trade payables are interest free and normally settled on 90-day terms.

The directors consider that the carrying amount of the group's trade payables approximates their fair value.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is the extract of the modified but unqualified audit opinion issued by the auditor of the Group:

"**OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 March 2007 and of the loss and cash flows of the group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates that the group incurred consolidated loss before minority interest of approximately $39,354,000 during the year ended 31 March 2007 and, as of that date, the group reported consolidated net current liabilities of approximately $8,515,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon the measures undertaken by the group to improve its working capital and the financial support of the Company's substantial shareholders in providing adequate funds to finance the working capital requirements of the group. Our opinion is not qualified in this respect.

Without qualifying our opinion, we draw attention to the fact that the auditors' report dated 25 July 2006 on the group's financial statements for the year ended 31 March 2006, which form the basis for the comparatives presented in the current year's financial statements, was qualified on account of the limitation on the scope to the fundamental uncertainties on going concern basis."

FINANCIAL REVIEW

For the year ended 31 March 2007, the Group recorded a turnover of approximately $166.4 million (2006: $194.3 million), representing a decrease of approximately 14.4% as compared to the previous year.

Despite the decrease in turnover, the Group was able to maintain the gross profit margin as compared with the previous year. The gross profit margin for the year under review was approximately $26.4 million or 15.8% of the turnover of the year while the corresponding amount in the preceding year was approximately $30.1 million or 15.5% of the turnover of the preceding year.

The operating loss was approximately $1.7 million (2006: $10.4 million) which was mainly attributable to (i) the relatively low profit margin of our PRC joint ventures in Ningbo and Huzhou, as both production plants were facing a higher cost of production in terms of raw materials, fuel and labor; (ii) the increase in costs of sales as a result of the appreciation in Renminbi and (iii) the general falling trend in selling prices of garment products under keen competition. Nevertheless, the loss for the year was improved as compared to the previous year.

During the year under review, the Group recorded a loss attributable to equity holders of the Company of approximately $38.6 million (2006: $36.9 million). This was mainly due to an impairment loss on goodwill of approximately $19.5 million and the agreed settlement with the Inland Revenue Department of the additional profits tax assessments, tax penalties and surcharges for the previous years for certain subsidiaries of the Group in an aggregate amount of approximately $11.1 million.

OPERATION REVIEW

Garment products

Garment products business has continued to be the major source of revenue of the Group. For the year ended 31 March 2007, garment products accounted for approximately 95.9% (2006: 95.9%) of the Group's turnover. Revenue derived from garment product businesses decreased by approximately 14.3% to approximately $160 million. The decrease in turnover was mainly due to the change in accounting treatment as a result of the change of status of Rontex Co., Ltd. from a subsidiary into a jointly-controlled entity since 1 October 2006. Thus, the turnover of Rontex Co. Ltd. was not incorporated in the Group's turnover since then. Loss attributable to garment products was approximately $2.6 million (2006: $9.3 million). This was mainly due to the low profit margin in the PRC joint ventures, the general increase in cost of sales and the keen competition which drove down the selling prices of garment products.

Premium products

For the year ended 31 March 2007, the revenue of premium products accounted for approximately 4.1% (2006: 4.1%) of the turnover of the Group. The revenue and operating profit of premium products were approximately $6.9 million (2006: $8.1 million) and $0.9 million (2006: loss $1.0 million) respectively.

Geographical

Chile continues to be the Group's major market segment which accounted for approximately 56.1% (2006: 48.1%) of the total revenue. China market being the second largest market of the Group attributed to approximately 14.7% (2006: 10.0%) of total revenue. Other markets include various countries located in Europe, North America, South America and Australia.

PROSPECTS

In view of the sustaining growth of the PRC market and the recovery of the global economy, the Directors have to reap the emerging opportunities by expanding to new markets. During the year under review, the Group has progressively developed in markets like Argentina, Brazil, Mexico and Poland etc. The Group will try to build up a close trading relationship in these newly explored markets and continue to explore other new markets such as the United States of America and Greece.

The Directors have noticed the high operating costs in both Hong Kong and the PRC which are eroding our profit margin. The Group will continue to carry out and reinforce stringent control measures so as to improve the efficiency in operation and to minimize the operating costs. The Group will also implement conservative strategies on new investments and assess the prospects of the existing investments in light of the current market environment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2007, the Group had net current liabilities of approximately $8.5 million (2006: $15.4 million). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 78.1% (2006: 60.4%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was maintained at a level of approximately 21.5% (2006: 10.6%).

The Group generally finances its operations with internally generated cash flow, facilities provided by its banks in Hong Kong and the PRC and the capital market in Hong Kong available for listed companies. During the year under review, the Group recorded a net cash inflow of approximately $0.4 million (2006: $1.0 million), which increased the total cash and cash equivalents to approximately $4.0 million as at the balance sheet date.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Interest-bearing bank borrowings of the Group as at 31 March 2007 include bank loans of approximately $5.8 million (2006: $7.8 million), which were denominated in Renminbi. The bank borrowings are at interest rates of 5.58% to 7.26% per annum. As the Group's transactions are mostly settled by Hong Kong dollars, Renminbi and United States dollars and the existing currency peg of Hong Kong dollars with United States dollars will likely to remain steady in the near future; the exposure to foreign exchange fluctuations is limited, however, the use of financial instruments for hedging purposes will be considered when necessary.

INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year under review, the Group did not acquire or dispose of any material investments or subsidiaries.

CONTINGENT LIABILITIES

As at 31 March 2007, the Group had contingent liabilities arising from long service payment of approximately $0.2 million (2006: $0.1 million).

CAPITAL COMMITMENT

As at 31 March 2007, the Group had no material capital commitment.

PLEDGE OF ASSETS

The Group's banking facilities are secured by the Group's land and buildings located in Hong Kong and the PRC with a total carrying value of approximately $21.3 million (2006: $27.9 million) as at 31 March 2007.

SHARE OPTION SCHEME

The Group has adopted share option schemes whereby Directors, employees and consultants of the Group may be granted options to subscribe for the shares of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2007, the Group had approximately 150 staff and workers in Hong Kong and the PRC.

The Group remunerates its employees largely based on industry practice. Remuneration packages comprise salary, commissions and bonuses based on individual performance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the year. Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year under review.

AUDIT COMMITTEE

The audit committee of the Company had reviewed and commented on the Company's annual results for the year ended 31 March 2007.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions of Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, except the deviations from the Code as described below:

1) Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheung Keng Ching has combined role of chairman and chief executive officer. The Board considers that as Mr. Cheung is the founder of the Group, the appointment of Mr. Cheung as the chairman and chief executive officer of the Group is beneficial to the Group as he has in-depth understanding of the operation of the Group and considerable experience in the industry,

2) Under the code provision A4.1 of the Code, non-executive should be appointed for a specific term and subject to re-election. However, all of the independent non-executive directors have not been appointed for a specific term and they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

3) Pursuant to the Rule 3.10 and 3.21 of the Listing Rules, the Board and the Audit Committee must include at least one independent non-executive director who must have appropriate professional qualifications or accounting or related financial management expertise. The Company was unable to comply with these rules during the period when Mr. Wan Ngar Yin, David resigned on 30 March 2007 until the appointment of Mr. Tam Tak Wah on 11 June 2007.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkex.com.hk) and the Company's website (http://www.ilinkfin.net/rontex/). The annual report will be dispatched to the shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
Rontex International Holdings Limited
Cheung Keng Ching
Chairman

Hong Kong, 25 July 2007

As at the date of this announcement, the Board comprises Messrs. Cheung Keng Ching and Chou Mei as executive directors and Messrs. Lo Siu Tong, Alfred, Tam Tak Wah and Wong Lai Wah Ada as independent non-executive directors.